

Message Text

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ACTION ARA-10

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FOR ARA/LA/BC: RON NICHOLSON

E.O. 11652: N/A

TAGS: EAID, BL

SUBJECT: CUTS IN BOLIVIA'S UNDP PROGRAM

1. MINISTRY OF COORDINATION & PLANNING ON JANUARY 13 REQUESTED EMBASSY SUPPORT FOR REVERSAL OF DRASTIC CUTS IMPOSED ON BOLIVIA'S 1976 UNDP PROGRAM. LOCAL UNDP REP SENT MINISTRY LETTER DEC. 30, 1975 STATING THAT HE HAD RECEIVED INSTRUCTIONS TO HOLD UP ALL PROGRAMS IN PROGRESS WITH THE EXCEPTION OF ALREADY SIGNED TECHNICAL EXPERTNDONTRACTS, SIGNED SUBCONTRACTS, EXISTING SCHOLARSHIPS AND PURCHASE REQUESTS ALREADY MADE. ACCORDING TO THE MINISTRY THIS WILL REQUIRE A REDUCTION OF US\$2.8 MILLION FROM 1975 LEVEL OF US\$4.2 MILLION, REDUCING BY ABOUT TWO-THIRDS THE 75 TO 80 UNDP TECHNICIANS PRESENTLY IN BOLIVIA,18-,\$ REQUIRE CANCELLATION OR POSTPONEMENT OF 24 OF 28 UNDP PROGRAMS UNDERWAY HERE. MANY OF THESE PROGRAMS ARE RELATED TO OR PREPARATORY TO DEVELOPMENT LOAN PROJECTS: I.EZN UNDP ANIMAL HEALTH TECHNICIANS ARE DOING WORK PREPARATORY TO A PLANNED IDB ANNUAL HEALTH LOAN PROJECT. IMPLEMENTATION OF THE PROPOSED UNDP CUTS WILL THEREFORE FORCE A MAJOR ADJUSTMENT ON GOB'S DEVELOPMENT PROGRAM.

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2. ACCORDING TO MINISTRY, BOLIVIAN UNDP PROGRAM EXPENDED US\$9.3 MILLION IN 1972-1974 PERIOD, US\$3.75 MILLION IN 1975 AND HAD PLANNED US \$4.15 MILLION IN 1976. THE UNDP RETROACTIVELY ADJUSTED FOR INFLATION THE 1975 FIGURE TO US\$4.09 MILLION AND THE PLANNED 1976/FIGURE TO US\$5.2 MILLION, BRINING BOLIVIA'S PLANNED TOTAL TO US \$18.6 MILLION FOR THE 1972-1976 PERIOD. ACCORRING

TO THE MINISTRY, THE EXCESS EXPENDITURES IN PREVIOUS YEARS WERE BASED ON RE-ALLOCATIONS OF UNUSED FUNDS BY OTHER COUNTRIES. LOCAL UNDP REP ADVISES EMBASSY HE WAS INSTRUCTED ON JANUARY 8, 1976 TO HOLD 1972-1976 BOLIVIAN PROGRAM TO US\$15.6, REQUIRE-ING A US\$2.8 MILLION CUT IN 1976 PLANNED PROGRAM, WHICH HE DESCRIBES AS A "MASSACRE" OF UNDP EFFORT HERE.

3. MINISTRY'S DIRECTOR OF TECHNICAL COOPERATION, JORGE URQUIDI, WILL GO TO NEW YORK FOR MEETING OF UNDP GOVERNORS SCHEDULED JANUARY 15, WHICH HE SAYS WILL DEAL WITH COUNTRY PROGRAM ALLOCATIONS. HE SAYS BOLIVIA WILL REQUEST RE-ALLOCATION FROM WITHIN LATIN AMERICAN PROGRAMS ON GROUND THAT COUNTRIES SUCH AS VENEZUELA AND ARGENTINA HAVE LESS NEED. HE ASKS FOR U.S. SUPPORT FOR BOLIVIAN POSITION.

4. EMBASSY RECOGNIZES THAT IT IS VERY LATE FOR USG ACTION. HOWEVER, IT APPEARS TO US SUCH DRASTIC CUT WOULD SERIOUSLY AFFECT BOLIVIA'S OVERALL DEVELOPMENT EFFORT, INCLUDING USAID AGRICULTURE PROGRAM AND OTHER IFI PROJECTS. A SMALL COUNTRY LIKE BOLIVIA, HIGHLY DEPENDENT ON OUTSIDE TECHNICAL ASSISTANCE, ALREADY HAS ENOUGH TROUBLE PLANNING AND COORDINATING ITS DEVELOPMENT PROGRAM WITHOUT HAVING THE RUG SUDDENLY PULLED OUT FROM UNDER.

5. ACTION REQUESTED: DEPARTMENT AND USUN MISSION ARE REQUESTED TO SUPPORT MITIGATION OF CUTS PLANNED BY UNDP IN BOLIVIA'S PROGRAM FOR 1976. USG SUPPORT OVER THE YEARS FOR BOLIVIA'S DEVELOPMENT HAS AMONG OTHER THINGS CONTRIBUTED TO A RELATIONSHIP WHICH HAS RESULTED IN CLOSE COOPERATION BETWEEN THE US AND BOLIVIAN DELEGATIONS TO INTERNATIONAL ORGANIZATIONS. STEDMAN

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